

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

814P0538

SENATE HEALTH AND HUMAN SERVICES

ENGROSSED NO. **SB 114** - 1/30/2008

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.

Introduced by: Senators Nesselhuf, Bartling, Dempster, Garnos, Gray, Hansen (Tom), McCracken, and Sutton and Representatives Willadsen, Cutler, Dykstra, Elliott, Faehn, Halverson, Miles, Rounds, and Weems

1 FOR AN ACT ENTITLED, An Act to allow for risk pool eligibility and rate flexibility for
2 certain health insurance conversion plans.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 58-17-74 be amended to read as follows:

5 58-17-74. Premium rates for individual health benefit plans subject to §§ 58-17-66 to 58-17-
6 87, inclusive, are subject to the following provisions:

7 (1) Any new policy issued after the effective date of §§ 58-17-66 to 58-17-87, inclusive,
8 is subject to the provisions of §§ 58-17-66 to 58-17-87, inclusive;

9 (2) The index rate for a rating period for any class of individual business may not exceed
10 the index rate for any other class of individual business by more than twenty percent;

11 (3) For a class of business, the premium rates charged during a rating period to
12 individuals with similar case characteristics for the same or similar coverage, or the
13 rates that could be charged to such individuals under the rating system for that class



1 of business, may not vary from the index rate by more than thirty percent of the index
2 rate;

3 (4) An adjustment applied to a single block of business may not exceed the adjustment
4 applied to all blocks of business by more than fifteen percent due to the claim
5 experience or health status of that block of business;

6 (5) Any adjustment in rates for claim experience and duration of coverage may not be
7 charged to specific individual policyholders. Any such adjustment shall be applied
8 uniformly to the rates charged for any person and dependents of the person within
9 each class of business;

10 (6) Premium rates for individual health benefit plans shall comply with the requirements
11 of §§ 58-17-66 to 58-17-87, inclusive;

12 (7) Each carrier shall apply rating factors consistently with respect to all persons in a
13 class of business. Rating factors shall produce premiums for identical persons which
14 differ only by the amounts attributable to plan design;

15 (8) No carrier may use characteristics other than age, gender, lifestyle, family
16 composition, and geographic area without prior approval of the director. The
17 maximum rating differential based solely on age may not exceed a factor of 5:1; and

18 (9) All rate adjustments based on geographic area shall reflect actual differences in the
19 health care costs of the respective areas.

20 The rating provisions of subdivisions (1), (2), (3), (4), and (6) of this section do not apply
21 to individual health benefit plans issued by a carrier to qualifying individuals on a guaranteed
22 issue basis. However, the rate for any individual covered on a guaranteed issue basis may not
23 exceed two and one half times the base rate of the class of business with the lowest index rate.

24 Section 2. That § 58-17-85 be amended to read as follows:

58-17-85. If a person has an aggregate of at least twelve months of creditable coverage, is a resident of this state, and applies within sixty-three days of the date of losing prior creditable coverage, the person is eligible for coverage as provided for in §§ 58-17-68, 58-17-70, 58-17-85, and 58-17-113 to 58-17-142, inclusive, if none of the following apply:

(1) The applicant is eligible for continuation of coverage under an employer plan;

~~(2) The applicant's most recent creditable coverage is a conversion plan from an employer group plan;~~

~~(3) The person is eligible for an employer group plan, Part A or Part B of medicare, or medicaid;~~

~~(4)~~(3) The person has other health insurance coverage;

~~(5)~~(4) The person's most recent coverage was terminated because of the person's nonpayment of premium or fraud;

~~(6)~~(5) The person loses coverage under a short term or limited duration plan; or

~~(7)~~(6) The person's last coverage was creditable coverage as defined in subdivision 58-17-69(13).

Any person who has exhausted continuation rights and who is eligible for conversion or other individual or association coverage has the option of obtaining coverage pursuant to this section or the conversion plan or other coverage. If a person chooses conversion coverage, other than pursuant to section 1 of this Act, in lieu of coverage pursuant to this section and the person later exhausts the lifetime maximum of the conversion coverage, the person may obtain coverage pursuant to this section as long as the person continues to satisfy the criteria of this section. A person who is otherwise eligible for the issuance of coverage pursuant to this section may not be required to show proof that coverage was denied by another carrier.

For purposes of this section, reasonable evidence that the prospective enrollee is a resident

1 of this state shall be required. Factors that may be considered include a driver's license, voter
2 registration, and where the prospective enrollee resides.

3 Any person who was eligible for the risk pool and opted for coverage pursuant to section
4 1 of this Act may, at any time while covered under that policy or within sixty-three days of
5 terminating that coverage, elect to enroll in the risk pool.